

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08

FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02

OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-07 CEA-01 /101 W

-----046829 250811Z /13

R 241200Z APR 78

FM AMEMBASSY LIBREVILLE

TO SECSTATE WASHDC 925

INFO AMEMBASSY BANGUI

AMEMBASSY BRAZZAVILLE

AMEMBASSY KINSHASA

AMEMBASSY PARIS

AMEMBASSY YAOUNDE

C O N F I D E N T I A L LIBREVILLE 0987

E.O. 11652: GDS

TAGS: ECON, EFIN, GB

SUBJ: GABONESE AUSTERITY MEASURES

1. SEVERAL ADDITIONAL MEASURES TO IMPLEMENT GABON'S
AUSTERITY PROGRAM WERE ANNOUNCED BY COMMUNIQUE FOLLOWING
THE APRIL 17 COUNCIL OF MINISTERS MEETING. THE DECISIONS
TAKEN BY THE COUNCIL INCLUDED INTER ALIA:

A) TO CLOSE GABONESE EMBASSIES IN BAHRAIN, KUWAIT,
MEXICO CITY AND PYONGYANG AND UNESCO MISSION. TO CONSIDER
CLOSING EMBASSIES AT ALGIERS AND TUNIS.

B) TO RESTRICT TRAVEL BY GABONESE AMBASSADORS ABROAD
TO THAT SPECIFICALLY AUTHORIZED BY PRESIDENT OR FOREIGN
MINISTER.

C) TO REQUIRE EACH MINISTER TO PREPARE SPENDING SCHEDULE
FOR REMAINDER 1978 AT 85-900 PERCENT OF ACTUAL AMOUNT BUDGETED:
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NOT TO EXCEED IN 1979 BUDGET THOSE CEILINGS ESTABLISHED
IN 1978; AND TO ELIMINATE ALL EXPENDITURES NOT EXPRESSLY
INCLUDED IN BUDGET.

D) TO FREEZE PUBLIC SECTOR HIRING EXCEPT FOR STUDENTS
WHO COMPETE THEIR STUDIES AND OBTAIN DIPLOMAS.

G) TO ALLOW PRIVATE INSURANCE FOR STATE-OWNED
VEHICLES TO LAPSE AS CURRENT CONTRACTS EXPIRE AND TO
HAVE STATE BECOME ITS OWN INSURER.

2. IT IS IMPOSSIBLE TO GAUGE WHAT THE EFFECT OF THESE
MEASURES WILL BE IF IMPLEMENTED BUT THEY CAN BE TAKEN
AS CONTINUING EVIDENCE THAT GOG HAS GOTTEN CLEAR MESSAGE
THAT SOMETHING HAS TO BE DONE GET OVER SHORT
TERM FINANCIAL CRUNCH. DECISION NOT TO PURCHASE
BOEING 747 THROUGH 1978 GOVERNMENT BORROWING AND TO
CANCEL FRANCOPHONE YOUTH FESTIVAL ORIGINALLY SCHEDULED
FOR LIBREVILLE IN AUGUST ARE OTHER INDICATORS. ALTHOUGH
WE STILL UNABLE GET FIRM GRASP ON IMF RECOMMENDATIONS,
FINANCIAL COMMUNITY SCUTTLEBUTT IS THAT IMF RESTRICTIONS
ARE MORE STRINGENT THAN RECOMMENDATION LAZARD FRERE
AND MORGAN GRENFELL STUDIES. SPECIFICALLY THE IMF
IMPOSED CEILING FOR DOMESTIC AND FOREIGN PUBLIC
SECTOR BORROWING DURING 1978 (WHICH WE CANNOT CONFIRM HERE),
IS SAID TO BE IN THE NEIGHBORHOOD OF
116 BILLION F CFA (APPROXIMATELY \$500 MILLION). YATES

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